

Message Text

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TO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS
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UNCLAS STATE 152561

ATTN PARIS FOR MARK PRATT

E.O. 11652: N/A

TAGS: SOPN, XC, US

SUBJECT: JUNE 30 EA PRESS SUMMARY

1. VANCE ASIA SOCIETY SPEECH

MEDIA HIGHLIGHTS SECSTATE'S 6/29 NY ADDRESS; HEADLINES CITE
VANCE'S "EMPHASIS" ON US RELS WITH PRC IN ADMIN'S FIRST
MAJOR POLICY DECLARATION ON ASIA (OBERDORFER, WP;
OESTREICHER, NYDN; TREWHITT, SUN; GWERTZMAN, NYT; KEATLEY,
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WSJ).

2. INDOCHINA

VIENTIANE DIPLOMATS SAY 6 FOREIGNERS HELD BY LAOTIAN POLICE
EXPECTED BE FREED/EXPULSED FRIDAY/SATURDAY AFTER WEEK UNDER
ARREST. AUSSIE NEWSMAN EVERINGHAM HAS LIVED IN LAOS ABOUT
10 YRS; AUSTRALIAN EMB SAYS HE WAS INTERROGATED/FORCED
SIGN CONFESSION, THO CHARGES AGAINST HIM NOT ANNOUNCED
OFFICIALLY (REUTER BANGKOK).

COOPER (JOC) REPORTS US INTEREST IN VN ON UPSWING. OIL POTENTIAL PARTICULARLY SIGNIFICANT, BUT MUST BE WEIGHED AGAINST CONSIDERABLE NUMBER UNKNOWN FACTORS RE USG ATTITUDE TOWARD INVESTMENT IN VN. HAVING VISITED VN IN '75, BANK

OF AMERICA VP SAYS VIET LEADERS VIEW FON TRADE AS "VITAL KEY" IN REBUILDING ECONOMY.

3. JAPAN

USSR/JAPAN BEGIN TOKYO TALKS ON INTERIM AGREEMENT FOR SOV FISHING QUOTAS INSIDE JAPAN'S 200-MI ZONE. GOJ THIS WK DECIDED DELAY APPLYING ZONE'S RESTRICTIONS TO SOV FISHERMEN FOR REST OF YR PENDING CONCLUSION FINAL AGREEMENT (REUTER TOKYO).

SPEAKING DURING CAMPAIGN TOUR N JAPAN 6/30, FUKUDA URGED JAPANESE BUSINESSMEN EXERCISE SELF-RESTRAINT OVER EXPORTS/ SAID GOJ PLANS REDUCE TRADE SURPLUS BY IMPORTING MORE INDUSTRIAL GOODS/ADDED GOJ WOULD NOT INTERVENE IN FOREX MART TO STEM DOLLAR'S DECLINE (REUTER MORIOKA).

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YOMIURI SHIMBUN ANNOUNCES DAILY EDITIONS IN JAPANESE WILL BE PUBLISHED IN NY BEGINNING FRIDAY, W/PAGE PROOFS OF FINAL EDITION AIRLIFTED TO NY FOR OFFSET PRINTING (WP).

ALL-NIPPON AIRWAYS TO ORDER 3 BOEING 747S/PLACE OPTIONS FOR 7 OR 8 MORE (REUTER TOKYO).

TOKYO SHIBAURA ELECTRIC WINS ORDER FOR 4 GAS TURBINE POWER GENERATING PLANS/RELATED EQUIPMENT FROM 50-50 JOINT IRAN-JAPANESE VENTURE. PLANTS' VALUE PUT AT 41 MIL DOLS (REUTER TOKYO).

CSM'S MORITZ (TOKYO) DOES ITEM ON JAPANESE FIRMS' INCREASING INTEREST IN US-BASED FACTORIES. CITES ADVANTAGES FOR BOTH SIDES, INCL JOBS FOR US/QUOTA-FREE PRODUCTION FOR JAPANESE. NOTES LARGEST CHUNK SUCH INVESTMENT HAS THUS FAR GONE TO GEORGIA, WHERE JAPAN HAS INVESTED SOME 200 MIL DOLS.

4. JAPAN/SINGAPORE

PM LEE TOLD PARLIAMENT WEDNESDAY THAT FUKUDA HAS ASSURED GOJ'S SUPPORT FOR PROPOSED 800-MIL-DOL PETROCHEMICAL COMPLEX, TO BE SET UP IN SINGAPORE 1981. JOINT VENTURE WILL BE OWNED ON 50-50 BASIS (UPI, JOC).

5. SINGAPORE

JOC REPORTS DESPITE 11 PCT GAIN IN PRODUCTION REVENUE,
GOVT-OWNED KEPPEL SHIPYARD REGISTERED 20 PCT DECLINE
IN GROUP PRE-TAX PROFIT FOR YEAR ENDED 12/76.

6. JAPAN/KOREA

US/JAPAN/SK PLAN LAUNCH JOINT OIL EXPLORATION ON CONTINENTAL
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SHELF BETW JAPAN/SK EARLY NEXT YR. NIPPON OIL PRES EXPECTS
OVER 10 WELLS BE SUNK OVER 3-YR PERIOD AT TOTAL COST
92.2 MIL DOLS. PARTNERS HAVE YET WORK OUT COST-SHARING,
THO SUCH TALKS CURRENTLY UNDERWAY (CULLISON, JOC TOKYO).

7. KOREA

CONGRESSIONAL BUDGET OFFICE ISSUES 118-PG STUDY US CONVEN-
TIONAL FORCES RELATED TO ASIAN COMMITMENTS/PROVIDES CONGRESS
W/RANGES OF ALTERNATIVE PROPOSALS TO KOREAN TROOP PULLOUT
IN ORDER REDUCE US MIL FORCES IN FE. OPTIONS INCLUDE RE-
MOVAL/REDUCTION LARGE US MARINE CONTINGENT IN JAPAN,
CUTTING DOWN NAVAL STRENGTH IN W PAC (CORDDRY, SUN).
REPORT ALSO STATES KOREAN W/DRAWAL COULD INCREASE CHANCES
N/S CONFLICT/MAY LEAD TO INCREASED POL REPRESSION IN
SK/STIMULATE MORE ARMS COMPETITION BETWEEN N/S. NO
CONCLUSIONS/RECOMMENDATIONS PROPOSED (REUTER'S GUTMAN,
6/29), THO WP'S OBERDORFER SAYS REPORT TERMS PRINCIPAL
RATIONALE US DEPLOYMENTS "AVOWEDLY POLITICAL."

LAT ITEM STATES TONGSUN PARK HAS BEGUN GIVE FEDRL INVESTI-
GATORS 1ST-HAND ACCOUNT OF HOW KOREAN MONEY DISTRIBUTED
ON CAPITOL HILL. PARK AIDE BONG-YANG LEE REPORTEDLY
COOPERATING W/BOTH DOJ/ETHICS CMTE PROBES (WP).

ATTY GEN BELL HAS ASSURED ETHICS CMTE CHRMN FLYNT THAT
DOJ WILL COOPERATE IN KOREAN BRIBERY PROBE, BUT
WILL BE LIMITED WITHIN "CONFINES OF OUR PROSECUTORIAL
AUTHORITY AND REPSONSIBILITY." OTHER OFFICIALS SAID
THAT MEANT DOS WOULD NOT SHARE INFO/DOCUMENTS PRESENT
TO GRAND JURY HEARING EVIDENCE ON MATTER. PROMISE
IN CONTRAST W/THAT GIVEN BY BELL TO HOUSE SUBCMTE,
HEADED BY REP FRASER, WHICH ALSO LOOKING INTO BRIBERY
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ALLEGATIONS. SOURCES SAY FRASER PANEL PROMISED ACCESS
TO WITNESSES/MATERIALS CONTROLLED BY DOJ RELEVANT TO
SUBCMTE'S INVESTIGATION (HALLORAN, NYT).

8. PHILIPPINES

MARCOS ORDERS RELEASE 2ND GROUP 500 PEOPLE JAILED UNDER MARTIAL LAW W/O CHARGES, ON SUSPICION OF BEING COMMON CRIMINALS/SECURITY OFFENDERS (REUTER MANILA).

9. INDONESIA

IN LAST OF 2 ARTICLES ON SINGAPORE'S ECONOMY, JOC'S LORENZ REPORTS DESPITE RECENT COMMITMENTS FROM WB/FRG/APAN/OTHERS, OVERALL DECLINE IN FDI INVESTMENT IN INDONESIA EXPECTED FURTHER SLOW COUNTRY'S CHANCES OF EARLY RECOVERY FROM PERTAMINA BANKRUPTCY. ACCORDING ADB REPORT, MOST OF INDONESIA'S POPULATION LIVE IN "ABJECT POVERTY," AND GOI EFFORTS MOVE POPULATION OUT OF CITIES HAVE LARGELY BEEN UNSUCCESSFUL.

10. CHINA

KREMLIN HITS BACK AT PRC, ACCUSING IT MAKING "POLITICAL HOBBY" OUT OF ATTACKING SOV FOREIGN POLICY AND ATTEMPTING INSTIGATE E-W CONFLICT. PRAVDA ATTACK TOOK EXCEPTION PRC WARNINGS THAT SOVS ARE MAIN MENACE TO W/EUROPE/ FOCUSED ATTACK ON YU CHAN, PRC CHIEF NEGOTIATOR AT DEADLOCKED SINO-SOV BORDER TALKS (LONDON BALT NA).

FROM HK, UPI'S CHARLES SMITH NOTES FRI MARKS 50TH ANNIVERSARY CCP. FIRST PARTY ANNIVERSARY W/OUT MAO AT HELM AND AT TIME WHEN PARTY UNDERGOING ONE OF MOST SWEEPING PURGES IN HISTORY. NOTES ONLY ONE OF 12 PARTY FOUNDERS ALIVE, BUT CHANG JUO-TAO WHO SPLIT W/MAO IN 30'S NOW IN CANADA. ALTHOUGH DEPLETED BY DEATHS/PURGES NO UNCLASSIFIED

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CHANGES IN POLITBORO WHICH NOW NUMBERS 16 BUT PURGED REACHED IN PARTY'S CENTRAL COMMITTEE. ANALYSTS BELIEVE 1/3 OF 310 MEMBERS PURGED SINCE HUA TOOK OVER. HUA ANXIOUS COMPLETE PURGE BEFORE HOLDING 11TH NPC TO ELECT NEW CENTRAL COMMITTEE/GIVE CONSTITUTIONAL LEGITIMACY TO HIS SUCCESSION TO CHAIRMANSHIP.

CHINESE INFORMATION SERVICE MIN FINANCE REPORTS TAIWAN-US TRADE THIS YR UP IN FIRST 5 MONTHS, GREATER THAN SAME PERIOD '76 BY US 479.5 MILLION DOLS. TWO-WAY TRADE JAN-MAY UP 26.7 PCT OVER '76 SAME PERIOD. EXPORTS VS IMPORTS LEAVE US 226 MIL DOL BALANCE IN ROC (JOC SPEC FROM TAIPEI).

NCNA REPORTS DEVASTATED TANGSHAN AREA REAPED GOOD SUMMER HARVEST DESPITE DIFFICULTIES CAUSED BY JULY '76 EARTHQUAKE (REUTER HK).

COMMENT AND ANALYSIS

11. VANCE'S ASIA SOCIETY SPEECH

WP'S OBERDORFER NOTES VANCE COMMITTED ADMIN TO SEEKING FULL NORMALIZATION RELS, BUT WARNED "PROGRESS MAY NOT BE EASY OR IMMEDIATELY EVIDENT"; OBSERVES SEC TOUCHED LIGHTLY ON TAIWAN PROBLEM. OBERDORFER REPORTS "SENIOR DOS OFFICIAL," CONCEDED 6/29 THAT ROC ISSUE IS "CORE" OF PRESENT LOGJAM,

SAID NO DECISIONS YET MADE ON TIMING/METHOD OF SOLVING PROBLEM. OBERDORFER NOTES VANCE JUSTIFIED PULLOUT US GROUND FORCES FROM KOREA IN LANGUAGE PREVIOUSLY USED BY ADMIN WITNESSES ON CAPITOL HILL; AND HE GAVE NO DETAILS RE HIS PLEDGE US WILL MAINTAIN STRONG MIL PRESENCE IN ASIA.
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SAYS VANCE, WHILE PRAISING JAPAN'S DEMOCRATIC INSTITUTIONS/DEDICATION TO PEACE, GENTLY CHIDED GOJ FOR NOT STIMULATING ITS ECON ENOUGH OR OPENING MARKET SUFFICIENTLY TO FOREIGN GOODS. OBERDORFER CONCLUDES VANCE ADDRESS BROKE LITTLE NEW GROUND/CONSISTED MOSTLY OF BROAD REVIEW ESTABLISHED POSITIONS.

OESTREICHER (NYDN) FINDS MCUH OF VANCE SPEECH DIRECTED TOWARD BOLSTERING RELS WITH US ALLIES, PARTICULARLY JAPAN, AND REASSURING THEM US WILL REMAIN PACIFIC/ASIAN POWER. NOTING VANCE DID NOT MENTION ROC EXCEPT FOR REFERENCE TO "TAIWAN SITUATION," OESTREICHER REPORTS ONE DOS OFFICIAL SAID EVERYTHING IN SPEECH/EVERYTHING LEFT OUT RELATIVE TO ASIAN POLICY WAS MATTER OF CAREFUL CALCULATION. FINDS VANCE "BROKE NO OTHER NEW GROUND" IN SPEECH.

SUN'S TREWHITT SAYS VANCE'S OUTLINE OF ASIAN POLICY EMPHASIZED NORMAL RELS WITH PRC/IGNORED US GUARANTEES TO ROC. FINDS SEC SAID LITTLE NOT IMPLIED OR STATED BEFORE, SEEMED IMPLY US MAY FOCUS LESS ON HUMAN RTS IN ASIAN RELS THAN IN REST OF WORLD. POINTS OUT VANCE'S PREPARED TEXT EVEN OMITTED ROC'S THRIVING ECON FROM LIST CITING EA COUNTRIES' "REMARKABLE ECONOMIC RECORD; SUGGESTS UNSPOKEN MESSAGE TO TAIPEI "WAS CLEAR:" US WISHES MOVE TOWARD NORMAL RELS WITH PEKING. SAYS IN SPOKEN DETAIL, POLICY TOWARD PRC CORRESPONDED ROUGHLY TO THAT CHARTED BY NIXON/FORD ADMINS.

GWERTZMAN (NYT) FINDS NO MAJOR SURPRISES IN SPEECH. SAYS WITH POLICY REVIEW UNDERWAY ON US RELS WITH PRC, VANCE UNABLE PROVIDE DETAILS ON HOW ADMIN PLANS PROCEED. BUT HE SEEMED WANT ASSURE PEKING OF US DESIRE FIND FORMULA FOR ENDING DIPLO TIES WITH ROC/NORMALIZING RELS WITH PEKING. SAYS VANCE SEEMED URGING CHINESE TAKE MORE

FLEXIBLE POSITION.

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TO KEATLEY (WSJ), CARTER ADMIN'S FIRST BROAD STATEMENT ON ASIA POLICY AS OUTLINED BY VANCE BASICALLY CALLS FOR MAKING STATUS QUO BIT BETTER, BUT AVOIDS MAJOR NEW DIPLO MOVES. SEES SPEECH LIVING UP TO EARLIER BILLING BY DOS OFFICIAL THAT IT WOULDN'T PRODUCE 8-COLUMN PRESS HEADLINES; BUT SEC DID EXPLAIN HOW ADMIN VIEWS US ROLE IN ASIA AND LISTED POLICY THEMES THAT WILL GET GREATEST EMPHASIS SOON. NOTES SPEECH ALSO WIDENED POL DISTANCE BETWEEN US/ROC BY OMITTING ANY REFERENCE TO US COMMITMENTS/ INTERESTS THERE. KEATLEY SAYS SPEECH ALSO REAFFIRMED US-JAPAN RELS AS "CORNERSTONE" AMERICA'S ASIAN POLICY, BUT CONTAINED SOME SOFT CRITICISM OF JAPANESE ECON POLICIES. NOTES VANCE SUPPLIED NO NEW DETAILS ABOUT HOW WITHDRAWAL FROM SK WILL OCCUR. CONCLUDES SPEECH, OVERALL, WAS DESIGNED TELL ASIANS US PLANS REMAIN STRONG POWER IN REGION, ISN'T WITHDRAWING INFLUENCE THERE.

12. KOREA

BO HI PAK, SPECIAL ASSISTANT TO REV SUN MYUNG MOON, TAKES OUT FULL SIGNED WP PAGE. AFTER DEVOTING MOST TOP HALF PAGE TO STATEMENT, "HE'S WHITE, BAPTIST, AND FROM GEORGIA. DOES THAT MAKE PRESIDENT CARTER A MEMBER OF THE KKK?", PAK AD SAYS "OF COURSE NOT" THIS MERELY LUDICROUS EXAMPLE GUILT BY ASSOCIATION. ADDS REV MOON NO MORE AGENT KOREAN CIA THAN CARTER MEMBER KKK AND THAT "EVIDENCE" OF CONGRESSIONAL SUBCMTE DEFAMES MOON.

JOHN SAAR (WP), FROM SEOUL, HIGHLIGHTS CASE OF MEDICAL STUDENT SUH KWANG-TAE WHO WAS SEIZED NOV '75 AND CONVICTED SPYING FOR NK. SAAR NOTES PARK CRITICS CHARGE SK FRAMED SUH, WHO ALLEGEDLY VICTIM GROSS MISCARRIAGE OF UNCLASSIFIED

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JUSTICE.

NORMAN THORPE (NYDN SPEC FROM SEOUL) SAYS CITY TAKING US PULLOUT IN STRIDE. CITES VIEWS/OPINIONS OF VARIOUS SK RESIDENTS AND ADDS DEPENDENT GOVT CONTROLLED MEDIA/AVERAGE KOREAN HAS LITTLE DOUBT IMMINENCE ANOTHER NK ATTACK INCREASING; BUT IN SOPHISTICATED CIRCLES MOOD RE CARTER PROPOSAL ONE OF GENERAL ACCEPTANCE. PARK GOVT USED SPECTER COMMUNIST ATTACK AS CONVENIENT/EFFECTIVE JUSTIFICATION FOR EVER-TIGHTENING DOMESTIC CONTROL; HAS DECLARED EMERGENCIES AT LEAST 9 TIMES SINCE '71. PARK GOVT'S DEPENDENCE ON CRISIS-LEVEL THREAT HAS LEFT BIG CONFIDENCE-GAP TO FILL. SAYS PUBLIC OUTCRY AGAINST US

WITHDRAWAL USEFUL TO SEOUL GOVT IN NEGOTS W/US; PARK DOESN'T WANT COMPLETELY STIFLE IT, BUT KCIA DIRECTED DOMESTIC MEDIA PLAY DOWN STORIES OPPOSITION/PLAY UP KOREAN SELF-RELIANCE.

13. CHINA

SEN DOLE (R-KAN) WARNED CARTER ADMIN 6/29 AGAINST PRECIPITOUSLY MOVING IN EFFORT NORMALIZE RELS WITH PRC. IN SENATE SPEECH, DOLE SAID IMPATIENCE IN SEEKING RESOLVE CHINA ISSUE COULD LEAD GRAVE MISTAKES JUDGMENT/US SHOULD ACT IN WAY ENCOURAGE PEACEFUL RESOLUTION 2-CHINA ISSUE BY

PRC/ROC, SHOULD TAKE INTO ACCOUNT PRC RECORD HUMAN RTS. SAID RECENT PRES/FORN POLICY SPOKESMAN STATEMENTS SUGGEST ADMIN ALREADY MADE UP MIND MOVE BLINDLY FORWARD INTO UNDEFINED FORMAL REL WITH PRC IN NOT-TOO-DISTANT FUTURE (REUTER WASHINGTON, ALSO CARRIED NYT).

"SEVERE" SHORTAGE FOREX FORCED PRC OBTAIN "OVERDRAFT" FACILITIES FROM JAPANESE BANKS. BANK AMERICAN VP/ASIA REP LOUIS SAUBOLLE DISCLOSED NEGOTS AT LUNCHEON FOR NEWSMEN/DIDN'T REVEAL HOW MUCH FOREIGN CREDIT PRC OBTAINED, UNCLASSIFIED

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BUT NOTED PRC MUST RAISE 1.5 BIL DOLS '77 TO MEET ALL COMMITMENTS, INCLUDING '77 CREDIT TRANCHE REPAYMENT OF 1.1 BIL DOLS. ADDED W UNDERESTIMATED DAMAGED CAUSED BY EARTHQUAKES, SAID TOLD BY PRC OFFICIALS NATURAL DISASTERS SET PRC BACK ECONOMICALLY BY 2 YRS AND WILL TAKE SEVERAL YRS FOR COUNTRY RESTART ECON GROWTH.

SAUBOLLE SAID NEW ERA CREEPING INTO ASIA/ASIA WILL OUT-DISTANCE US IN NEXT 10 YRS. ADDED RE BLOCKED ASSETS, "DEAD SILENCE NOW"/VIETNAM WOULD LIKE INCREASE TIES TO US TO OFFSET SOV/RPC INFLUENCE. VIEWED HANOI LEADERSHIP AS PRAGMATIC/FLEXIBLE/PHILOSOPHICAL RE ACCEPTING CONGRESS REFUSAL PROVIDE AID (FULLER, JOC).

FROM HK, EDWARD WU WRITES OF HK'S LYE YUE MUN, FISHING VILLAGE THAT HAS ADDED NEW INDUSTRY, SEAFOOD RESTAURANTS THAT ARE FAVORITE OF LOCAL RESIDENTS (SUN).

HARSCH (CSM) WRITES THAT USG HAS CONSIDERED QUESTION SALE SOPHISTICATED WEAPONS TO PRC/HAS REACHED PRUDENT/TENTATIVE DECISION ALLOW PRC NOTHING WHICH WOULD BE REFUSED SOVS. SAYS ARGUMENT GIVING PRC MODERN US WEAPONS STRONG ONE; BODY OPINION IN WASHINGTON "CHINA CARD," IF PLAYED IN FULL, WOULD MAKE PRC VIRTUALLY MEMBER AMERICAN ECON/MIL SYSTEM IF NOT FORMAL MEMBER AMERICAN ALLIANCE. NO PRESENT ADMIN INCLINATION DO THIS; CARD REPRESENTS MINORITY VIEW. MAJORITY FAVORS THINGS AS NOW ARE, WHICH MEANS CAUTIOUS,

SLOW, GRADUAL IMPROVEMENT IN RELS WITH PRC, CONTINUING
HAVE DIP MISSION IN TAIWAN, TREATING TAIWAN AS MEMBER
AMERICAN ECON COMMUNITY.

14. VIETNAM REFUGEES

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GASPAR (CHITRIB) FINDS US NOT LIVING UP TO IDEALS BY
REFUSING ASYLUM 66 VIET REFUGEES PICKED UP BY ISRAELI SHIP.
SUGGESTS CARTER TAKE LEAD IN DEMONSTRATING "US PRACTICES
WHAT IT PREACHES." NOTES ADMIN'S STRESS ON HUMAN RTS/
WONDERS "IF THAT INCLUDES REFUGEES." SAYS "IT'S ABOUT
TIME" AMERICANS REFLECT HERITAGE/STOP DISREGARDING WHAT

STATUE OF LIBERTY HAS MEANT TO MILLIONS OTHER REFUGEES.

15. SEATO

REUTER'S ROGERS (BANGKOK) NOTES SEATO SEC GEN HUNGLADARON
BELIEVES ALLIANCE'S CLOSURE PREMATURE. SUGGESTED SOME
SEATO FUNCTIONS SHOULD HAVE BEEN TAKEN OVER PARTIALLY BY
ASEAN. MEANWHILE, OFFICIAL VN DAILY SAID COMMUNIST
VICTORIES IN INDOCHINA SENT SEATO TO ITS GRAVE/ADDED
WOULD BE FUTILE REPLACE IT W/ANOTHER MIL PACT.

LORENZ (JOC KL) BELIEVES SEATO'S CLOSING MARKS END "ONE
LONG PHASE" OF COLD WAR. STATES DESPITE WASHINGTON
ASSURANCES, OBSERVERS AGREE THERE IS LITTLE US PREPARED
DO FOR ASIA MILITARILY. SAYS ASEAN NOW UNDER PRESSURE
SUCCEED AS ECONOMIC GROUPING WHERE SEATO FAILED. BELIEVES
ASEAN MUST NOW FEND OFF MORE CHARGES THAT WILL INEVITABLY
TAKE ON CHARACTERISTICS OF MIL GROUPING.

SUN SAYS SEATO'S "FORMAL DEATH" MERELY "CATCHES UP TO
REALITIES." STATES ASEAN NOW IN FOREFRONT/STANDS "FAIR
CHANCE OF BECOMING THE REALITY THAT SEATO NEVER WAS."

16. TRADE

WP'S ROWE NOTES CARTER EXPECTED APPROVE SHORTLY SPECIAL
SUBSIDY PROGRAM FOR IMPORT-PLAGUED SHOE INDUSTRY. STATES
INDUSTRY/LABOR CONSIDER ADJUSTMENT ASSISTANCE FARCE,
CALLING IT "FUNERAL PAYMENTS" TO INDUSTRIES ALREADY TOO
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FAR GONE BE HELPED. QUOTES OFFICIAL THAT SUCH ASSISTANCE
"NEVER A FULLY ACCEPTABLE ALTERNATIVE," SINCE IT DOESN'T
PROTECT FROM IMPORTS, BUT MERELY HELPS ADJUST TO IMPORT
COMPETITION.

NYT TAKES LABOR'S SIDE IN REJECTING ADJUSTMENT ASSISTANCE
AS RELIEF FROM CHEAP IMPORTS IN SHOES/OTHER PRODUCTS.
SAYS SINCE FREE-TRADE ADVOCATES HAVE NO REALISTIC/READY
ALTERNATIVES TO PROPOSE, THEY MUST RECOGNIZE VALUE IN
"ORDERLY MARKETING AGREEMENTS," SUCH AS HAVE BEEN
NEGOTIATED W/SK/TAIWAN ON SHOE IMPORTATION. BELIEVES,
HOWEVER, ADJUSTMENT ASSISTANCE CAN BE VIABLE W/"HEROIC
EFFORT" AT MORE REALISTIC PROGRAM. VANCE

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